

## **PURCHASE OF SERVICE CREDIT/REPAYMENT OF REFUNDS**

### DEFINITIONS

1. **Additional Contributions** - Contributions due on service rendered in a covered position but not withheld by the employer. This term also applies to the difference between the employee/employer contributions paid on the first \$ 7,800 and actual salary earned. **A.C.A. 24-7-406(a)(6).**
2. **Back Contributions** - Contributions payable by an active member for service rendered in a covered position after July 1, 1937 on which no applicable contributions have been paid and on which no service has been credited. **A.C.A. 24-7-502(b)(5)(A)(i).**
3. **Employer "Pick-Up"** - Contributions withheld from salary by covered employers after June 30, 1997. Such contributions shall not be subject to state and federal income taxes and shall not be included as gross income until distributed or made available to the member. "Picked-Up" contributions may also be used to repay a refund or purchase service. **A.C.A. 24-7-406(h).**
4. **Military Service (purchased)** - The purchase of active duty military service. **A.C.A. 24-7-602 and A.C.A. 24-2-502.**
5. **National Guard Service** - Service rendered in the Arkansas National Guard. **A.C.A. 24-7-610.**
6. **Non-Contributory to Contributory**– Payment made to convert non-contributory service credit to contributory service credit. **A.C.A. 24-7-406(f)(3)(A)(ii).**
7. **Out-of-State Service** - Service rendered in any state except Arkansas in a position which would have been covered by ATRS had the service been rendered in the State of Arkansas. **A.C.A. 24-7-603.**
8. **Overseas Service** - Service rendered in an American-type overseas school sponsored and approved by either the United States Department of State or the Department of Defense, Peace Corps or Volunteers in Service to America (VISTA). **A.C.A. 24-7-604.**
9. **Private School Service** - Service rendered in any private school or agency which is recognized by the Arkansas State Department of Education for the issuance of teaching certificates. **A.C.A. 24-7-607.** Employment under the Head Start Programs will be considered private school service and will have the same requirements for the issuance of teaching certificates by the Arkansas State Department of Education.
10. **Repayment of Refund** - Repayment to ATRS of contributions that have been withdrawn. Withdrawal of contributions forfeits credited service. Service credit can be restored by repayment of a refund. Funds may also be redeposited if member contributions were transferred from a member account due to a

community property settlement. A.C.A. 24-7-502(b)(4)(A) and A.C.A. 24-7-406(d).

11. **Rollover/Transfer** – Acceptance of before tax contributions as rollover distributions and/or direct rollovers of distributions from ~~qualified~~ plans pursuant to the section on “Rollovers- Acceptance of” in this policy manual.. **A.C.A. 24-7-502(b)(4)(A).**
12. **Sabbatical Leave** - Leave of absence from a school from and after June 28, 1985, in order to obtain an advanced degree at an institution of higher learning, or to fulfill the requirements of a scholarship or grant. **A.C.A. 24-7-606.**
13. **Interest** - The rate or rates per annum, compounded annually, as the Board shall adopt from time to time, that will be charged for the purchase of service credit or to repay a refund, but the rate shall equal no less than the system’s current assumed interest rate assumption (currently 8%). **A.C.A. 27-7-202(16).**

## **PURCHASE PAYMENTS**

1. Effective July 1, 2004, each new purchase account with a total amount due of \$1,000.00 or less, must be paid in a lump sum.

Each new purchase account with a total amount due greater than \$1,000.00 but less than \$ 10,000.00, will require a minimum of \$ 500.00 each payment until the account is paid in full.

Each new purchase account with a total amount due of \$10,000.00 or greater, will require a minimum payment of \$1,000.00 each payment until the account(s) is paid in full.

2. An agreement to complete payment of purchase account shall exist upon acceptance of the initial payment.
3. Multiple new purchase accounts may be concurrently established for some service purchase types; however, each individual account must adhere to the minimum payment as specified and outlined in item number.
4. Unless new purchase account(s) is paid in full, the initial payment on each purchase account(s) established must be made with after-tax dollars (personal check, money order or cashier's check) for the minimum payment amount as specified and outlined in item number 1 above.
5. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up. A member whose covered employer has submitted a Payroll Deduction Resolution form for employer pick-up (tax-deferred deductions) may submit to ATRS an Irrevocable Payroll Authorization (IPA) form provided by ATRS. The IPA shall set forth the amount and duration of deductions along with the terms and conditions agreed to by both the employer and the employee. The amount of the recurring deduction must meet the minimum payment amount as specified and outlined in item number 1 above. The recurring deduction will be deducted from the salary of each participating member on each and every payroll, for each and every payroll period. Once established, the IPA will remain in effect until (a) the number of payments on IPA are completed, (b) the member terminates employment, or (c) the member retires. A.C.A. 24-7-406(h)(1)(B) and A.C.A. 24-7-406(h)(2)(3)(4)(5).

Should the member have an existing IPA established prior to July 1, 2004, setting up a new purchase account automatically increases the amount on the existing IPA to coincide with the new minimum payment on the new purchase account. Payments to multiple accounts are applied at ATRS' discretion.

The amount of the deduction may be increased or lowered so long as the lowered amount does not fall below the minimum amounts payable. Maximum deductions on purchase service are set forth by IRS regulations.

6. Payment by personal checks that meet the minimum requirements of number 1 above may be made at any time during the installment period in addition to any payments made by employer pick-up.

Repayment of refunds or purchase of service may be made by direct rollover/transfer of funds from qualified plans. ATRS can accept rollovers to buy service only if funds have originated from another qualified plan defined under Internal Revenue Code. ATRS does not accept rollovers that exceed the total amount due to purchase service credit. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See section on "Purchase Payments".

7. A purchase account is not considered established and will not be setup as payable until the initial payment is accepted by ATRS.

## **CANCELLATION OF PURCHASE SERVICE ACCOUNTS**

1. Under certain hardship cases, an established purchase account may be cancelled if submitted in writing by the member and approved by ATRS Administration. The amount of payments to-date will be returned to the member without interest. Purchase account payments through employer pick-up cannot be cancelled until (a) the number of payments on IPA are completed, (b) the member terminates employment, or (c) the member retires.
2. The cancelled purchase account may be refunded under certain conditions:
  - a) Accounts paid with only after-tax contributions can be returned to the member.
  - b) Accounts paid with only employer pick-up contributions cannot be returned to the member unless the member terminates employment or retires.
  - c) Accounts paid with only rollover/transfer contributions may be rolled to another qualified plan or refunded to the member minus federal taxes.
  - d) Accounts paid with combination of after-tax and rollover/transfer may be refunded.

PRIOR TEACHING SERVICE BEFORE 1937 (Free)  
(Amended by Act 142 and 206/97, Act 866/00)

**DEFINITIONS**

1. Teaching service performed before July, 1, 1937 is considered prior service. Such service must have been proved by affidavits and filed with the System before July 1, 1959. Credit was allowed under the following provisions.
  - a) Proof of service rendered prior to 1937 is considered prior service. Such service must have been proved by affidavits and filed with the System before July 1, 1959, to be counted as credited service unless marked otherwise or correspondence in folder so states. The 1937-38 year may be proved at any time at no cost to the member and counted as membership year, except withdrawn contributions, if any, for 1937-38 must be repaid.
  - b) Prior service proved prior to July 1, 1955, is acceptable if affidavit was signed by father, mother brother, sister, former co-worker, neighbor, etc., and notarized—unless affidavit was signed by a school official. In that case, signature did not have to be notarized.
  - c) Prior service proved after July 1, 1955 must be signed by a school official where service was rendered or by county school supervisor where service was rendered. Form should indicate number of days or months of service rendered.
  - d) Unless proof is otherwise marked and number of months is not indicated, we will assume it is a year of service.
  - e) If proof does not meet the above specifications but was filed prior to July 1, 1959, we will give the member an opportunity to submit an acceptable proof. If proof filed does not meet these specifications but correspondence indicates member has been given credit for prior service, we will not take it away from him.
  - f) Upon re-entrance, subsequent service for 120 days and repayment of withdrawn service, a member's microfilmed proof of prior service is sufficient for service credit.
2. ~~“Regular interest” means the rate or rates per annum, compounded annually, as the Board shall from time to time adopt, that ATRS used to compute interest on a member's contributions (currently 6%).~~
3. ~~Effective July 1, 1998, “interest” means the rate or rates per annum, compounded annually, as the Board from time to time adopts, that will be charged for the purchase of service credit or to repay a refund. Such rate shall equal no less than the System's current actuarial interest rate assumption, which is eight percent (8%).~~

## POLICIES

- ~~1. Effective July 1, 1997, repayments of refunds or the purchase service may be made by employer pick-up (tax deferred deductions). Each ATRS employer shall submit to the System a resolution on a form provided by the System that authorizes such deductions for its employees. In addition, a member whose employer has submitted a resolution for employer pick up shall submit to the System an irrevocable contract on a form provided by the System. Such contract shall set forth the amount and duration of deductions along with the terms and conditions agreed to by both the employer and the employee.~~
- ~~2. Repayment of refunds or purchases of service may be made by direct rollover of funds from qualified plans. ATRS can accept rollovers to buy service ONLY if funds have originated from another plan defined under Internal Revenue Code 401 (a). The member will be responsible for remitting to the System the difference due if the rollover is not sufficient to pay the cost of the service for which the member has agreed to purchase. If the rollover amount exceeded the cost of the service, ATRS will roll the excess into another qualified plan of the member's choice.~~

## PURCHASE OF ADDITIONAL CONTRIBUTIONS

(A.C.A. 24-7-406(a)(6))

(A.C.A. 24-7-406(a)(4))

### DEFINITION (Amended by Act 206 of 1997; Act 866/99)

Additional Contributions – Contributions due on service rendered in a covered position but not withheld by the employer. This term also applies to the difference between the employee/employer contributions paid on the first \$ 7,800 and actual salary earned.

### POLICIES

1. A member making contributions on the first \$ 7,800 of his/her salary may elect to change to full salary under the following conditions:
  - a) If such election is made July 1, 1984 or later, the member must pay to the system both the added member contributions and the added employer contributions which would have been paid to the system had the member's full salary always been covered, plus interest from the dates the added contributions would normally have been received by the system to the date of such actual payment:
    - i) Provided, however, if a member who is making contributions only on the first \$ 7,800 of his total annual salary receives a refund of his contributions and subsequently returns to covered service as a non-contributory member, he/she shall be considered on full salary for reporting purposes.
    - ii) However, should he/she wish to repay any refunds which include contributory service, he/she must pay the additional contributions due to change to full salary.
2. A member whose salary for reporting purposes is \$ 7,800, and who has not received a refund, may elect to change effective July 1, 1986, to the non-contributory plan and from that date be considered on full salary for reporting purposes. Additional employer contributions for that period shall not be due from the member.
3. However, if a member elects to make this change, he/she must pay the additional employee and employer contributions due on any service reported due on any service reported between July 1, 1969 and June 30, 1986.
4. Contributions shall be required on all salary earned in covered employment during the fiscal year in which membership begins.
  - a) Should the employer fail at any time to report the salary of a member and remit the contributions to the system, the system shall have the right to collect from the employee and the employer the contributions due, if any,



from each, together with regular interest beginning with the subsequent fiscal year.

- b) In no case shall a member be given credit for service rendered until any contributions and interest due from each are paid in full. Employee contribution underpayments of less than \$25.00 will not be collected..
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- 5. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (Tax-deferred deductions). See section on "Purchase Payments."
  - 6. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See section on "Rollovers".
  - 7. All rules pertaining to the minimum payments and payment methods are contained in the "Purchase Payment" section of the Policy Manual.

**PURCHASE OF NON-CONTRIBUTORY SERVICE AS CONTRIBUTORY**  
**(A.C.A. 24-7-406(f)(3)(A)(ii))**  
**Act 864 of 1999**

DEFINITION – Payment made to convert non-contributory service credit to contributory service credit.

POLICIES (Act 864 of 1999)

1. Beginning July 1, 1999, an active member who has previously elected the non-contributory plan may change his/her non-contributory credited service to contributory credited service by paying the additional contributions due, plus interest, from the dates the contributions would have been received by the system to the date of payment in full.
2. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See section on “Rollovers”.
3. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See section on “Purchase Payments”.
4. All rules pertaining to the minimum payments and payment methods are contained in the Purchase Payment section of this Policy Manual.

## PURCHASE OF MILITARY SERVICE

(Amended by Acts 142, 206 and 1053 of 1997, Act 866/99)

A.C.A. 24-2-502

A.C.A. 24-7-602

Any person who is a member or former member of a state-supported retirement system may purchase up to five (5) years of credited active duty military service, ~~including active duty service in the National Guard or Reserve.~~

1. A ~~person~~ member may purchase one (1) year at a time if he so chooses. The year or years to be purchased shall be closest to teaching service.
2. Eligibility to purchase military service credit shall be subject to the following conditions.
  - a) Any person who is now, or was in the past, a member of a reciprocal system and has five (5) years of combined credited membership service.
  - b) A member of the Teacher Retirement System with five (5) years of credited membership service.
  - c) Must have received an honorable discharge.
  - d) Total military service credit cannot exceed five (5) years.
  - e) The member is not receiving, not is eligible to receive federal military service retirement pay (other than disability) based upon 19 or more years of active duty; ~~and~~ and.
3. Crediting of military service will require the completion of Form M-2, provided by the System, and official military documents listing the entry and discharge dates of the first enlistment or induction.
4. Effective August 13, 1993, the computation for the purchase of military service shall be:
  - a) For the first three (3) years of credited service, the member shall pay ~~contributes to the member's deposit account a sum of money equal to the amount he or she would have contributed to the account~~ System had he or ~~or~~ she been a member during ~~this~~ his or her term of military service. This amount shall be based upon ~~his monthly contributions~~ the salary at the time he or ~~or~~ she first became a member of the retirement system times:
    - i. The employee and employer contribution rate for that first full year of credited service plus:
    - ii. The employer contribution rate for that first full year of credited service plus;
    - iii. Simple interest at a rate of 6%. and interest thereon at the rate of six percent (6%), together with an amount equal to the employer matching contribution and interest thereon at the rate of six percent (6%), which The interest shall commence January 1, 1976, or six (6) months after eligibility, whichever is later.

b) For the fourth and fifth year of credited service, the member ~~contributes to the member's deposit account a sum of money equal to~~ shall pay the amount he or she would have contributed to the ~~account~~ System had he or she been a member during his or her term of military service. ~~This amount shall be based upon:~~ This amount shall be based upon the salary at the time he or she first became a member of the retirement system times;

- i. ~~His or her salary at the time he or she first became a member of the retirement system;~~ The employee contribution rate for that first full year of credited service plus;
- ii. The employer's contribution rate in effect at the time the member first became eligible to purchase the military service plus; ~~and~~
- iii. Simple interest on both the employee's and employer's contributions at a rate of six percent (6%). ~~Which~~ The interest shall commence January 1, 1976, or six (6) months after eligibility, whichever is later.

4. ~~Effective July 1, 1988, all purchases and payments paid with after tax dollars shall be made in the following manner:~~

~~On amounts totaling less than \$300 a lump sum payment shall be required. Purchases and payments totaling at least \$300, but less than \$1,000 may be made in five equal payments of at least 20 percent of the beginning balance.~~

~~Purchases and payments totaling \$1,000 or more may be made in ten equal payments of at least ten percent of the beginning balance.~~

~~Effective July 1, 1992, for a total payment amount greater than \$300.00 but less than \$ 5,000.00 the member may elect to follow the present minimum payment schedule of ten (10) equal payments or pay a minimum of \$ 150.00 each time until the account is paid in full.~~

~~For the total payment amounts due of \$5,000.00 or greater, the member may elect to follow a minimum payment schedule of 20 equal payments or a pay a minimum of \$ 250.00 each time until the account is paid in full.~~

~~An agreement to complete payment shall exist upon acceptance of the initial payment.~~

5. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See section on "Purchase Payments."

~~Each ATRS employer shall submit to the System a resolution on a form provided by the System, which authorizes such deductions for its employees. In addition, a member whose employer has submitted a resolution for employer pick up shall submit to the System an irrevocable contract on a form provided by the System. Such contract shall set forth the amount and duration of deductions along with the terms and conditions agreed to by both the employer and the employee.~~

5. Repayment of refunds or purchase of service may be made by direct rollover of funds from qualified plans. ~~ATRS can accept rollovers to buy service ONLY if funds have~~

~~originated from another plan defined under Internal Revenue Code 401 (a). The member will be responsible for remitting to the System the difference due if the rollover is not sufficient to pay the cost of the service for which the member has agreed to purchase. If the rollover amount exceeds the cost of the service, ATRS will roll the excess into another qualified plan of the member's choice.~~

6. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See section on "Rollovers."
7. All rules pertaining to the minimum payments and payment methods are contained in the "Purchase Payments" section of this Policy Manual.

**PURCHASE OF NATIONAL GUARD SERVICE**  
**(A.C.A. 24-7-610)**

POLICIES (Act 1296 of 2001)

1. One year of purchased service credit shall be available for every five (5) years of Arkansas National Guard service. The cost to purchase Arkansas National Guard service is the current employee/employer rate of the greater of: the first full year's annual salary the member received for Arkansas service immediately preceding the purchase, or the average of the member's three highest salaries.
2. Service credit shall be limited to five (5) years.
3. Salaries for purchased Arkansas National Guard service are not recorded. In computing final average salary, only Arkansas salaries shall be used in the determination of the three (3) highest years.
4. Purchased Arkansas National Guard service shall be credited to the year in which it was rendered and cannot be purchased if prior to 1937-38.
5. Certification of Arkansas National Guard service must be submitted to ATRS in a manner approved by the system.
6. Total military service credited in the system cannot exceed five (5) years.
7. The member is not receiving, nor is eligible to receive federal military service retirement pay (other than disability) based upon 19 or more years of active duty.
8. All purchased Arkansas National Guard service shall be counted as contributory service.
9. The Arkansas National Guard service shall not become credited service under this system until:
  - a. The member payments have been paid in full; and
  - b. The member has established five (5) or more years of credited service exclusive of Arkansas National Guard service. Should a member cease to be an active member before the Arkansas National Guard service has been established as system credited service, the member payments contributed shall be refundable, together with interest thereon.
10. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See section on "Rollovers."

11. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See section on "Purchase Payments."
12. All rules pertaining to the minimum payments and payment methods are contained in the "Purchase Payment" section of this Policy Manual.

## REPAYMENT OF REFUNDS

(A.C.A. 24-7-502(b)(4)(A) and A.C.A. 24-7-406(d))

### DEFINITIONS (Amended by Act 142 of 1997)

1. "Repayment of refund" ~~means - R~~repayment to the system of contributions that have been withdrawn. Withdrawal of contributions forfeits credited service. Service credit can be restored by repayment of a refund. Funds may also be redeposited if member contributions were transferred from a member account due to a community property settlement. A.C.A. 24-7-502(b)(4)(A)

2. ~~"Regular interest" means the rate or rates per annum, compounded annually, as the Board shall from time to time adopt, that ATRS used to compute interest on a member's contributions (currently 6%).~~

3. ~~Effective July 1, 1998, "interest" means the rate or rates per annum, compounded annually, as the Board from time to time adopts, that will be charged for the purchase of service credit or to repay a refund. Such rate shall equal no less than the System's current actuarial interest rate assumption, which is eight percent (8%).~~

### POLICIES (Amended by Act 524 of 1995; Acts 142 and 206 of 1997; Act 866/99)

1. To be eligible to repay a refund, a person must be an active member of the system. A person who has received a refund may re-establish active membership by completing thirty (30) days or more during his last such reemployment.
2. To repay a refund requires repayment of the entire amount withdrawn, plus interest from the date of withdrawal to the date of final payment. If a member has received more than one refund, repayment must be made in inverse order. The most recent refund account must be paid in full before another refund account can be established for payment.
3. ~~Effective July 1, 1998, to repay a refund requires repayment of the entire amount withdrawn plus 8% interest from the date of withdrawal to the date of final payment. If a member has received more than one refund, repayment must be made in inverse order. The cost to repay a refund account is the entire amount withdrawn plus interest from the date of withdrawal to the date of final payment.~~
4. ~~Effective January 1, 1988, all purchases and payments shall be made in the following manner:  
On amounts totaling less than \$300 a lump sum payment shall be required. Purchases and payments totaling at least \$300, but less than \$1,000 may be made in five equal payments of at least 20 percent of the beginning balance.~~

~~Purchases and payments totaling \$1,000 or more may be made in ten equal payments of at least ten percent of the beginning balance.~~



~~Effective July 1, 1992, for a total payment amount greater than \$300.00 but less than \$ 5,000.00 the member may elect to follow the present minimum payment schedule of ten (10) equal payments or pay a minimum of \$ 150.00 each time until the account is paid in full.~~

~~For the total payment amounts due of \$5,000.00 or greater, the member may elect to follow a minimum payment schedule of 20 equal payments or a pay a minimum of \$ 250.00 each time until the account is paid in full.~~

4. An agreement to complete payment shall exist upon acceptance of the initial payment.
- ~~5. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick up (tax-deferred deductions). Each ATRS employer shall submit to the System a resolution on a form provided by the System that authorizes such deductions for its employees. In addition, a member whose employer has submitted a resolution for employer pick up shall submit to the System an irrevocable contract on a form provided by the System. Such contract shall set forth the amount and duration of deductions along with the terms and conditions agreed to by both the employer and the employee.~~
5. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See section on "Purchase Payments."
- ~~6.5. Repayment of refunds or purchase of service may be made by direct rollover of funds from qualified plans. ATRS can accept rollovers to buy service ONLY if funds have originated from another plan defined under Internal Revenue Code 401(a). The member will be responsible for remitting to the System the difference due if the rollover is not sufficient to pay the cost of the service for which the member has agreed to purchase. If the rollover amount exceeds the cost of the service, ATRS will roll the excess into another qualified plan of the member's choice.~~
6. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the repayment of refunds under certain circumstances. See section on "Rollovers."
7. All rules pertaining to the minimum payments and payment methods are contained in the "Purchase Payment" section of this Policy Manual.

## BACK CONTRIBUTIONS

(A.C.A. 24-7-502(b)(5)(A)(i))

### DEFINITIONS

1. "Back Contributions" ~~means~~ is contributions payable by an active member for service rendered in a covered position after July 1, 1937 on which no applicable contributions have been paid and on which no service has been credited.

1. ~~"Regular interest" means the rate or rates per annum, compounded annually, as the Board shall from time to time adopt, that ATRS used to compute interest on a member's contributions (currently 6%).~~

2. ~~Effective July 1, 1998, "interest" means the rate or rates per annum, compounded annually, as the Board from time to time adopts, that will be charged for the purchase of service credit or to repay a refund. Such rate shall equal no less than the System's current actuarial interest rate assumption, which is eight percent (8%).~~

### POLICIES (Amended by Act 206 of 1997)

1. ~~Back Contributions~~— After July 1, 1971, the number of days required to establish a year of service since 1937 is 120 days. Fractional credit may also be established only for service rendered after July 1, 1971. A.C.A. 24-7-502(b)(5)(A)(ii).

2. Credit for back service established before July 1, 1984, may be purchased by an active ~~the~~ member who ~~paying to the system~~ the employee contributions, plus interest, from the time the service was rendered until contributions are paid in full.

3. Effective July 1, 1984, back service credit may be established ~~only~~ by an active member ~~be who~~ paying both the employee and employer contributions, plus interest, from the time the service was rendered until contributions are paid in full. A.C.A. 24-7-502 (b)(5)(B)

4. Policies 2 and 3 shall be applicable to:

a) Service credit being established by ~~a person~~ an active member who has elected to exclude himself/herself from membership under A.C.A. 24-7-501(b)(1).

b) Any other eligible service for which no service credit has been established.

~~c) A member who is making contributions on the first \$7,800 of his salary may elect to change to full salary under the following conditions: If such election is made between July 1, 1973 and June 30, 1984, the member must pay to the system the difference plus interest between full salary contributions and contributions based on \$7,800 retroactive to July 1, 1969 or the actual date of employment, whichever is later. If such election~~

~~is made July 1, 1984 or later, the member must pay to the system both the added member contributions and the added employer contributions which would have been paid to the system had the member's full salary always been covered, plus interest from the dates the added contributions would normally have been received by the system to the date of such actual payment; provided, however, if a member who is making contributions only on the first \$7,800 of his total annual salary receives a refund of his contributions and subsequently returns to covered service as a non-contributory member, he shall be considered on full salary for reporting purposes. However, should he wish to repay any refunds which include contributory service, he must pay the additional contributions due to change to full salary. A.C.A. 24-7-406(a)(4)(B)(C)~~

~~A member whose salary for reporting purposes is \$7,800, and who has not received a refund, may elect to change effective July 1, 1986, to the non-contributory plan and from that date be considered on full salary for reporting purposes. Additional employer contributions for that period shall not be due from the member. However, if a member elects to make this change, he must pay the additional employee and employer contributions due on any service reported between July 1, 1969, and June 30, 1986.~~

- ~~5. Effective July 1, 1988, all purchases and payments paid with after tax dollars shall be made in the following manner:~~

~~On amounts totaling less than \$300 a lump sum payment shall be required. Purchases and payments totaling at least \$300, but less than \$1,000 may be made in five equal payments of at least 20 percent of the beginning balance.~~

~~Purchases and payments totaling \$1,000 or more may be made in ten equal payments of at least ten percent of the beginning balance.~~

~~Effective July 1, 1992, for a total payment amount greater than \$300.00 but less than \$ 5,000.00 the member may elect to follow the present minimum payment schedule of ten (10) equal payments or pay a minimum of \$ 150.00 each time until the account is paid in full.~~

~~For the total payment amounts due of \$5,000.00 or greater, the member may elect to follow a minimum payment schedule of 20 equal payments or a pay a minimum of \$ 250.00 each time until the account is paid in full.~~

~~An agreement to complete payment shall exist upon acceptance of the initial payment.~~

- ~~6.5. No Back contributions will not be billed on service before July 1, 1971 unless days of service are at least 120 days. payment of such contributions will add to a member's service credit. A.C.A. 24-7-502(b)(5)(A)(ii).~~

- ~~7.6. For service established June 1, 1989, or after, no back contributions will be billed on service unless payment of such contributions will add to a member's service credit. See A.C.A. 24-7-406(a)(6)~~
- ~~8.7. If a member does not purchase at one time all of his/her back service credit, he must purchase the remainder in inverse order.~~
- ~~9.8. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). Each ATRS employer shall submit to the System a resolution on a form provided by the System that authorizes such deductions for its employees. In addition, a member whose employer has submitted a resolution for employer pick-up shall submit to the System an irrevocable contract on a form provided by the System. Such contract shall set forth the amount and duration of deductions along with the terms and conditions agreed to by both the employer and the employee. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See section on "Purchase Payments."~~
- ~~10.9. Repayment of refunds or purchase of service may be made by direct rollover of funds from qualified plans. ATRS can accept rollovers to buy service ONLY if funds have originated from another plan defined under Internal Revenue Code 401(a). The member will be responsible for remitting to the System the difference due if the rollover is not sufficient to pay the cost of the service for which the member has agreed to purchase. If the rollover amount exceeds the cost of the service, ATRS will roll the excess into another qualified plan of the member's choice. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See section on "Rollovers."~~
- ~~11. Beginning July 1, 1999, an active member who has previously elected the non-Contributory plan may change his/her non-contributory credited service to contributory credited service by paying the additional contributions due, plus interest, from the dates the contributions would have been received by the system to the date of payment in full. A.C.A. 24-7-406(f)(3)(A)(ii).~~
10. All rules pertaining to the minimum payments and payment methods are contained in the "Purchase Payments" section of this Policy Manual.

## PURCHASE OF OUT-OF-STATE SERVICE

(A.C.A. 24-7-603)

### DEFINITIONS (Amended by Act 142 of 1997)

~~1. "Out-of-state service" means service rendered in any state except Arkansas in a position which would have been covered by the System had the service been rendered in the State of Arkansas.~~

~~1. "Regular interest" means the rate or rates per annum, compounded annually, as the Board shall from time to time adopt, that ATRS used to compute interest on a member's contributions (currently 6%).~~

~~2. Effective July 1, 1998, "interest" means the rate or rates per annum, compounded annually, as the Board from time to time adopts, that will be charged for the purchase of service credit or to repay a refund. Such rate shall equal no less than the System's current actuarial interest rate assumption, which is eight percent (8%).~~

### POLICIES (Amended by Act 524 of 1995; Act 206 of 1997/ Act 110/99 and 866/99)

1. Before July 3, 1989, in order to purchase out-of-state service, such service rendered in any state except Arkansas must have been for a minimum of 120 working days in a fiscal year. ~~The cost to purchase out-of-state service is 18% (6% employee and 12% employer) of the greater of: the first full year's annual salary the member received for Arkansas service immediately preceding the purchase, or the average of the member's three highest salaries.~~

2. Except for out-of-state service purchased on or after July 3, 1989, in-state and out-of-state service rendered in the same fiscal year may be combined to reach the required 120 days, provided the member had at least 30 days of both in-state and out-of-state service credit. Twenty (20) days shall be considered a month.

3. Fractions of years of service may be credited as provided by A.C.A. 24-7-601.

4. Service credit purchased under the out-of-state provision shall be limited to a total of fifteen (15) years.

5. The cost to purchase out-of-state service is the employee and employer contribution rate in effect at the time of purchase times the greater of: the first full year's annual salary the member received for Arkansas service immediately preceding the purchase, or the average of the member's three highest salaries. If the member does not have at least three salaries that comprise three years of service, the cost statement shall be based solely upon the first full year's annual salary for Arkansas service immediately preceding the purchase. If the member has not earned one full year of Arkansas service, no cost statement will be provided. Interest is added to the cost:

- a) If the cost is based solely on the member's first full year annual salary immediately preceding the purchase, interest will accrue from the end of that preceding year until paid in full.
- b) If the cost is based on the member's first full year annual salary that is not immediately preceding the year at the time of the purchase, interest will accrue from the end of the preceding year until paid in full.
- c) If the cost is based upon the average of the member's three (3) highest salaries, interest will accrue from the end of the latest year used in the computation until paid in full.

Interest will accrue annually on any unpaid balance based upon the initial payment date.

- 6. If payment is not made in a single payment at the time the contract to purchase is made, interest shall be added from the date of the initial payment until the date of payment in full. This shall apply to both the final average salary and previous year methods of calculation.

- 7. The out-of-state service shall not become credited service under ATRS until:

- a) The member payments specified have been paid in full and;
- b) The member has established five (5) or more years of Arkansas service.
- c) Should a member cease to be an active member before the out-of-state service has been established as system-credited service, the member payments contributed will be refundable in accordance with "Cancellation of Purchase Service Accounts" section of this policy manual.

- 3.8. Salaries for purchased out-of-state service are not recorded. In computing final average salary, only Arkansas salaries shall be used in the determination of the three (3) highest year.

- 4.9. Purchased out-of-state service shall be credited to the year in which it was rendered and cannot be purchased if prior to 1937-38.

- 10. Effective July 1, 1986, all purchased out-of-state service shall be counted as contributory service.

- ~~6. Effective July 1, 1988, all purchases and payments paid with after-tax dollars shall be made in the following manner:~~

~~On amounts totaling less than \$300 a lump sum payment shall be required. Purchases and payments totaling at least \$300, but less than \$1,000 may be made in five equal payments of at least 20 percent of the beginning balance.~~

~~Purchases and payments totaling \$1,000 or more may be made in ten equal payments of at least ten percent of the beginning balance.~~

~~Effective July 1, 1992, for a total payment amount greater than \$300.00 but less than \$ 5,000.00 the member may elect to follow the present minimum payment~~

~~schedule of ten (10) equal payments or pay a minimum of \$ 150.00 each time until the account is paid in full.~~

~~For the total payment amounts due of \$5,000.00 or greater, the member may elect to follow a minimum payment schedule of 20 equal payments or a pay a minimum of \$ 250.00 each time until the account is paid in full.~~

~~An agreement to complete payment shall exist upon acceptance of the initial payment.~~

7.11. Certification of out-of-state service, or out-of-state private school service must be submitted to ATRS on a form provided by the system.

8.12. Beginning July 1, 1991, an active member may purchase service rendered outside the state during a period of employment with an education coordinating council.

9.13. From July 1, 1991, until December 31, 1991, an active member of the Public Employees Retirement System who was an active member of the Teacher Retirement System prior to January 1, 1978, and who became a member of the Public Employees Retirement System within thirty (30) days of departure from the Teacher Retirement System may establish reciprocity between the two system and purchase out-of-state serviced rendered prior to January 1, 1978, in accordance with the provisions and conditions contained in A.C.A. Secs. 24-7-601 and 24-7-603.

~~10. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick up (tax deferred deductions). Each ATRS employer shall submit to the System a resolution on a form provided by the System that authorizes such deductions for its employees. In addition, a member whose employer has submitted a resolution for employer pick up shall submit to the System an irrevocable contract on a form provided by the System. Such contract shall set forth the amount and duration of deductions along with the terms and conditions agreed to by both the employer and the employee.~~

14. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See section on "Purchase Payments."

~~11.7. Repayment of refunds or purchase of service may be made by direct rollover of funds from qualified plans. ATRS can accept rollovers to buy service ONLY if funds have originated from another plan defined under Internal Revenue Code 401(a). The member will be responsible for remitting to the System the difference due if the rollover is not sufficient to pay the cost of the service for which the member has agreed to purchase. If the rollover amount exceeds the cost of the service, ATRS will roll the excess into another qualified plan of the member's choice.~~

15. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See section on “Rollovers.”
16. All rules pertaining to the minimum payments and payment methods are contained in the “Purchase Payment” section of this Policy Manual.



**PURCHASE OF OVERSEAS SERVICE**  
**(A.C.A. 24-7-604)**

DEFINITIONS (Amended by Act 142 of 1997; Act 866/99)

1. ~~“Overseas service” means~~ -Service rendered in an American-type overseas school sponsored and approved by either the United States Department of State or the Department of Defense, Peace Corps or Volunteers in Service to America (VISTA).
2. ~~“Regular interest” means the rate or rates per annum, compounded annually, as the Board shall from time to time adopt, that ATRS used to compute interest on a member’s contributions (currently 6%).~~
3. ~~Effective July 1, 1998, “interest” means the rate or rates per annum, compounded annually, as the Board from time to time adopts, that will be charged for the purchase of service credit or to repay a refund. Such rate shall equal no less than the System’s current actuarial interest rate assumption, which is eight percent (8%).~~

POLICIES (Amended by Act 206 of 1997; Act 866/99)

1. To be eligible for overseas service credit, a member must have a minimum of five (5) years of Arkansas credited service.
- 1-2. In order to purchase overseas service, employer and employee contributions must be paid on the later of, the active member’s salary in the overseas school, or the annual salary received by ~~him~~ member for the first full year of Arkansas state teaching service, preceding the fiscal year in which the service is purchased. The member shall pay the employee contributions and the employer contributions may be paid either by the employer or by the member. For each year of the member’s service overseas, employee and employer contributions shall be based upon the employer and employee rate in effect, for that year, provided employer and employee contributions are paid in the year in which the service is rendered. If the employer and employee contributions are not paid when the service is rendered, the employer and employee contributions shall be based on the rate in effect in the year preceding the fiscal year in which the service is purchased. If contributions were not paid to the system promptly, as service was rendered, interest shall be added from the date of purchase to the date of payment in full.

Interest is added to the cost:

- a) If the cost is based solely on the member’s first full year annual salary immediately preceding the purchase, interest will accrue from the end of that preceding year until paid in full.
- b) If the cost is based on the member’s first full year annual salary that is not immediately preceding the year at the time of the purchase, interest will accrue from the end of the preceding year until paid in full.

c) If the cost is based upon the average of the member's three (3) highest salaries, interest will accrue from the end of the latest year used in the computation until paid in full.

Interest will accrue annually on any unpaid balance based upon the initial payment date.

~~2.3.~~A year of overseas service shall be a minimum of 120 days. Twenty (20) days shall be considered a month. The maximum overseas service, which may be credited to a member, is ten years. Fractions of years of service may be credited as provided by 24-7-601.

~~3.4.~~Salaries for purchased overseas service will be recorded for the years being purchased. In computing final average salary, only Arkansas salaries shall be used in the determination of the three (3) highest years.

~~4.5.~~Purchased overseas service shall be credited to the year in which it was rendered.

~~5.6.~~Effective July 1, 1986, all purchased overseas service shall be counted as contributory service and benefits based on this service shall be computed as contributory service.

~~6.~~ ~~Effective July 1, 1988, all purchases and payments paid with after tax dollars shall be made in the following manner:~~

~~On amounts totaling less than \$300 a lump sum payment shall be required. Purchases and payments totaling at least \$300, but less than \$1,000 may be made in five equal payments of at least 20 percent of the beginning balance.~~

~~Purchases and payments totaling \$1,000 or more may be made in ten equal payments of at least ten percent of the beginning balance.~~

~~Effective July 1, 1992, for a total payment amount greater than \$300.00 but less than \$ 5,000.00 the member may elect to follow the present minimum payment schedule of ten (10) equal payments or pay a minimum of \$ 150.00 each time until the account is paid in full.~~

~~For the total payment amounts due of \$5,000.00 or greater, the member may elect to follow a minimum payment schedule of 20 equal payments or a pay a minimum of \$ 250.00 each time until the account is paid in full.~~

~~An agreement to complete payment shall exist upon acceptance of the initial payment.~~

~~7.~~ If a member does not purchase, or is not eligible to purchase, all of his overseas service, he must purchase the remainder in inverse order.

~~8.~~ ~~Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick up (tax deferred deductions). Each ATRS employer shall~~

- ~~submit to the System a resolution on a form provided by the System that authorizes such deductions for its employees. In addition, a member whose employer has submitted a resolution for employer pick-up shall submit to the System an irrevocable contract on a form provided by the System. Such contract shall set forth the amount and duration of deductions along with the terms and conditions agreed to by both the employer and the employee.~~
8. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See section on "Purchase Payments."
  9. ~~Repayment of refunds or purchase of service may be made by direct rollover of funds from qualified plans. ATRS can accept rollovers to buy service ONLY if funds have originated from another plan defined under Internal Revenue Code 401(a). The member will be responsible for remitting to the System the difference due if the rollover is not sufficient to pay the cost of the service for which the member has agreed to purchase. If the rollover amount exceeds the cost of the service, ATRS will roll the excess into another qualified plan of the member's choice. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Section on "Rollovers."~~
  10. All rules pertaining to the minimum payments and payment methods are contained in the "Purchase Payment" section of this Policy Manual.

## PURCHASE OF SABBATICAL LEAVE

(A.C.A. 24-7-606)

### DEFINITIONS (Amended by Act 142 of 1997; Act 866/99)

"Sabbatical leave" ~~means~~ - Leave of absence from a school from and after June 28, 1985, in order to obtain an advanced degree at an institution of higher learning, or to fulfill the requirements of a scholarship or grant.

1. ~~"Regular interest" means the rate or rates per annum, compounded annually, as the Board shall from time to time adopt, that ATRS used to compute interest on a member's contributions (currently 6%).~~
2. ~~Effective July 1, 1998, "interest" means the rate or rates per annum, compounded annually, as the Board from time to time adopts, that will be charged for the purchase of service credit or to repay a refund. Such rate shall equal no less than the System's current actuarial interest rate assumption, which is eight percent (8%).~~

### POLICIES (Amended by Act 542 of 1995; Act 206/97: Act 866/99)

1. The cost to purchase sabbatical leave is the employee and employer contribution rate in effect at the time of purchase times 18% (6% employee and 12 % employer) of the greater of the first full year's annual salary the member received for Arkansas service immediately preceding the purchase, or the average of the member's three highest salaries. If the member does not have at least three salaries that comprise three years of service, the cost statement shall be based solely upon the first full year's annual salary for Arkansas service immediately preceding the purchase. If the member has not earned one full year of Arkansas service, no cost statement will be provided.

#### Interest is added to the cost:

- a) If the cost is based solely on the member's first full year annual salary immediately preceding the purchase, interest will accrue from the end of that preceding year until paid in full.
- b) If the cost is based on the member's first full year annual salary that is not immediately preceding the year at the time of the purchase, interest will accrue from the end of the preceding year until paid in full.
- c) If the cost is based upon the average of the member's three (3) highest salaries, interest will accrue from the end of the latest year used in the computation until paid in full.

Interest will accrue annually on any unpaid balance based upon the initial payment date.

2. A year of sabbatical leave service shall be for a minimum of 120 days. Twenty (20) days shall be considered a month. Fractions of years of service may be credited as provided by A.C.A. 24-7-601.
3. Purchased sabbatical leave service shall be credited to the year in which it was rendered.

4. If a member does not purchase, or is not eligible to purchase, all of his/her sabbatical leave service, he/she must purchase the remainder in inverse order.
5. Salaries for purchased sabbatical leave are not recorded.
3. ~~Effective July 1, 1988, all purchases and payments paid with after-tax dollars shall be made in the following manner:~~

~~On amounts totaling less than \$300 a lump sum payment shall be required. Purchases and payments totaling at least \$300, but less than \$1,000 may be made in five equal payments of at least 20 percent of the beginning balance.~~

~~Purchases and payments totaling \$1,000 or more may be made in ten equal payments of at least ten percent of the beginning balance.~~

~~Effective July 1, 1992, for a total payment amount greater than \$300.00 but less than \$ 5,000.00 the member may elect to follow the present minimum payment schedule of ten (10) equal payments or pay a minimum of \$ 150.00 each time until the account is paid in full.~~

~~For the total payment amounts due of \$5,000.00 or greater, the member may elect to follow a minimum payment schedule of 20 equal payments or a pay a minimum of \$ 250.00 each time until the account is paid in full.~~

~~An agreement to complete payment shall exist upon acceptance of the initial payment.~~

- ~~Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). Each ATRS employer shall submit to the System a resolution on a form provided by the System that authorizes such deductions for its employees. In addition, a member whose employer has submitted a resolution for employer pick-up shall submit to the System an irrevocable contract on a form provided by the System. Such contract shall set forth the amount and duration of deductions along with the terms and conditions agreed to by both the employer and the employee~~
6. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See section on "Purchase Payments."
4. ~~Repayment of refunds or purchase of service may be made by direct rollover of funds from qualified plans. ATRS can accept rollovers to buy service ONLY if funds have originated from another plan defined under Internal Revenue Code 401(a). The member will be responsible for remitting to the System the difference due if the rollover is not sufficient to pay the cost of the service for which the member has agreed to purchase. If the rollover amount exceeds the cost of the service, ATRS will roll the excess into another qualified plan of the member's choice.~~

7. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Section on “Rollovers.”
8. All rules pertaining to the minimum payments and payment methods are contained in the “Purchase Payment” section of this Policy Manual.

**PURCHASE OF PRIVATE SCHOOL SERVICE  
(A.C.A. 24-7-607)**

DEFINITIONS (Amended by Act 142 of 1997)

1. "Private school service" ~~means~~ - service rendered in any private school or agency which is recognized by the State Department of Education for the issuance of teaching certificates.
2. From and after March 4, 1996, service rendered while employed under the Head Start Program will be considered as private school service. ATRS will require the State Department of Education to recognize the issuance of teaching certificates.
3. ~~"Regular interest" means the rate or rates per annum, compounded annually, as the Board shall from time to time adopt, that ATRS used to compute interest on a member's contributions (currently 6%).~~
4. ~~Effective July 1, 1998, "interest" means the rate or rates per annum, compounded annually, as the Board from time to time adopts, that will be charged for the purchase of service credit or to repay a refund. Such rate shall equal no less than the System's current actuarial interest rate assumption, which is eight percent (8%).~~

POLICIES (Amended by Acts 513 and 524 of 1995; Act 206 of 1997) (A.C.A. 24-7-607)

1. From and after January 1, 1990, an active member shall be eligible to purchase ~~may contact with the Board for~~ private school service ~~to be credited as service hereunder~~ in accordance with the following conditions:
  - a) Service credit shall be limited to service for which no benefit could be paid by another system similar in purpose to this system, except social security, if the member left on deposit his contributions to that system.
  - b) Service credited shall be limited to ~~ten (10)~~ fifteen (15) years.
2. The cost to purchase sabbatical leave is the employee and employer contributions rate in effect at the time of purchase times 18% (6% employee and 12% employer) of the greater of: the first full year's annual salary the member received for Arkansas service immediately preceding the purchase or the average of the member's three highest salaries. If the member does not have at least three salaries, that comprise three years of service, the cost statement shall be based solely upon the first full year's annual salary for Arkansas service immediately preceding the purchase. If the member has not earned one full year of Arkansas service, no cost statement will be provided.

Interest is added to the cost:

- a) If the cost is based solely on the member's first full year annual salary immediately preceding the purchase, interest will accrue from the end of that preceding year until paid in full.

- b) If the cost is based on the member's first full year annual salary that is not immediately preceding the year at the time of the purchase, interest will accrue from the end of the preceding year until paid in full.
- c) If the cost is based upon the average of the member's three (3) highest salaries, interest will accrue from the end of the latest year used in the computation until paid in full.

Interest will accrue annually on any unpaid balance based upon the initial payment date.

3. The private school service shall not become credited service under this system until:
  - a) The member payments have been paid in full; and
  - b) The member has established five (5) or more years of credited service exclusive of private school service. Should a member cease to be an active member before the private school service has been established as system credited service, the member payments contributed shall be refunded ~~able, together with interest thereon~~ in accordance with Cancellation of Purchase Service Accounts section of this Policy Manual.
5. ~~4. An member may purchase fractional years of out of state and/or private school service provide the member has, or is eligible to purchase, the difference in Arkansas service to equal one hundred twenty (120) days for the fiscal year. Fractions of years of service may be credited as provided by 24-7-601. A year of private school service shall be for a minimum of one hundred twenty (120) days, except as outlined in # 4 above. Twenty (20) days shall be considered a month year.~~
- a) 5. Certification Arkansas private school service, or out-of-state private school service, must be submitted to ATRS on a form provided by the system.
6. ~~A year of private school service shall be for a minimum of one hundred twenty (120) days, except as outlined in # 4 above. Twenty (20) days shall be considered a month year.~~
7. All private school service shall be counted as contributory. Purchased private school service shall be credited to the year in which it was rendered.
8. ~~Effective July 1, 1988, all purchases and payments paid with after tax dollars shall be made in the following manner:~~

~~On amounts totaling less than \$300 a lump sum payment shall be required. Purchases and payments totaling at least \$300, but less than \$1,000 may be made in five equal payments of at least 20 percent of the beginning balance.~~

~~Purchases and payments totaling \$1,000 or more may be made in ten equal payments of at least ten percent of the beginning balance.~~

~~Effective July 1, 1992, for a total payment amount greater than \$300.00 but less than \$ 5,000.00 the member may elect to follow the present minimum payment schedule of ten (10) equal payments or pay a minimum of \$ 150.00 each time until the account is paid in full.~~



~~For the total payment amounts due of \$5,000.00 or greater, the member may elect to follow a minimum payment schedule of 20 equal payments or a pay a minimum of \$ 250.00 each time until the account is paid in full.~~

~~An agreement to complete payment shall exist upon acceptance of the initial payment.~~

~~Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick up (tax deferred deductions). Each ATRS employer shall submit to the System a resolution on a form provided by the System that authorizes such deductions for its employees. In addition, a member whose employer has submitted a resolution for employer pick up shall submit to the System an irrevocable contract on a form provided by the System. Such contract shall set forth the amount and duration of deductions along with the terms and conditions agreed to by both the employer and the employee.~~

7. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See section on "Purchase Payments".

~~9.~~

~~9. Repayment of refunds or purchase of service may be made by direct rollover of funds from qualified plans. ATRS can accept rollovers to buy service ONLY if funds have originated from another plan defined under Internal Revenue Code 401(a). The member will be responsible for remitting to the System the difference due if the rollover is not sufficient to pay the cost of the service for which the member has agreed to purchase. If the rollover amount exceeds the cost of the service, ATRS will roll the excess into another qualified plan of the member's choice. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. (see Section on "Rollovers.")~~

8. All rules pertaining to the minimum payments and payment methods are contained in the Purchase Payments section of this Policy Manual.

## ROLLOVERS – ACCEPTANCE OF

~~POLICY TYPE: Membership~~

POLICY TITLE: Acceptance of Rollovers

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1. ATRS will accept participant rollover contributions and/or direct rollovers of distributions made after December 31, 2001, for the purchase of service credit or repayment of refunds only from:
  - a) a qualified plan described in section 401(a) or 403(a) of the Code, excluding after-tax employee contributions;
  - b) an annuity contract described in section 403(b) of the Code, excluding after-tax employee contributions; or
  - c) an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state.

ATRS will accept a participant rollover contribution of the portion of a distribution from an individual retirement account or annuity described in section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income.